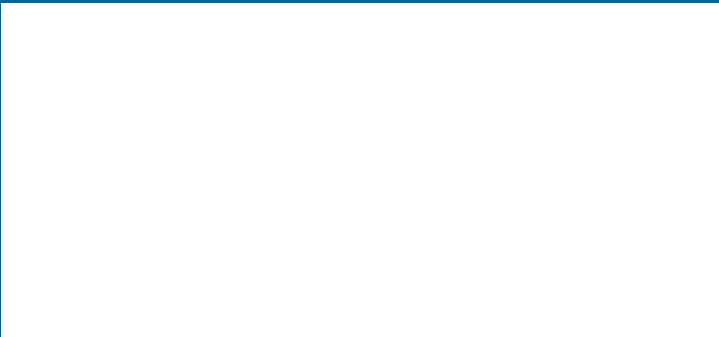
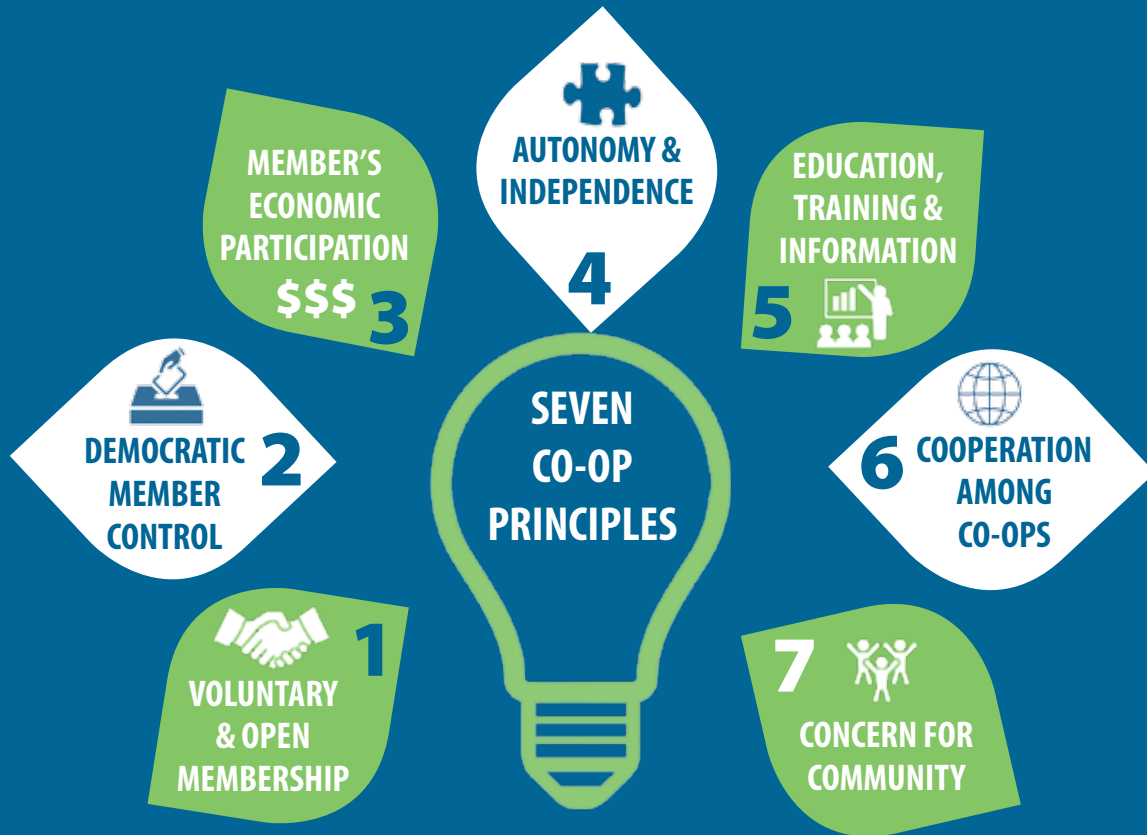


Since 1940

WISCONSIN ENERGY

Cooperative

April 2017 NEWS



Central Wisconsin Electric Cooperative's **79th Annual Meeting**

Saturday, April 8

Doors open at 9 a.m.

*Bring this slip to the annual meeting
and be entered for a chance to win a
\$50 energy credit.*

New Location:
Wittenberg-
Birnamwood
High School

Central Wisconsin Electric Cooperative Rosholt, Wisconsin OFFICIAL NOTICE OF ANNUAL MEETING

The annual meeting of the members of the Central Wisconsin Electric Cooperative will be held at the Wittenberg-Birnamwood High School on 400 Grand Avenue, in the Village of Wittenberg, Shawano County, Wisconsin on April 8, 2017, at 10:00 o'clock a.m. to consider and take action upon the following matters:

- I. Reports of Officers, Directors, Committee and Management.
- II. For all business which may come before the meeting or any adjournment thereof.

In addition, a regular election will be held under the Bylaws to choose Directors from Districts 1, 3, and the Director at Large.

In accordance with SECTION 6 of ARTICLE III, any member who is absent from any annual meeting of the members and who has filed a written request in advance for an absentee ballot may vote by absentee mail ballot upon any motion or resolution to be acted upon at any such meeting with respect to any action submitted pursuant to a resolution adopted by the Board of Directors, the Resolutions Committee or by petition of not less than ten percent (10%) of the members. A ballot, the envelope enclosing which is signed by the member, shall be deemed a signed ballot within the meaning of this section. The receipt of mail ballots at any such meeting shall not preclude the offer and adoption of germane amendments to any resolution to be acted upon at such meeting. The adoption or rejection of such amendments shall be determined by the majority vote of those members present and voting at such meeting. After the adoption of any such amendment, the adoption or rejection of the original resolution as amended shall be determined solely on the basis of the votes cast by members in attendance at such meeting.

Dated this 26th day of January 2017.

Suzanne Rombalski, SECRETARY

Central Wisconsin Electric Cooperative 79TH ANNUAL MEETING OF THE MEMBERS

April 8, 2017

Wittenberg-Birnamwood High School
400 W. Grand St., Wittenberg, WI 54499

Doors open at 9 a.m.

Registration and coffee and donuts

- Entertainment by the Bowler High School Band at 10:00 a.m. Business Meeting at 10:30 a.m., followed by lunch.
- Door prize drawing for many door prizes and a grand prize drawing for a television! Must be present to win.
- Bring your questions with you. We have answers! Visit our information tables and energy professionals will help you find a solution.
- Help fill our local food pantry shelves. Bring three or more non-perishable food items that are not expired, and you will receive a FREE LED bulb. (limit of three bulbs per family)



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Central Wisconsin Electric Cooperative Directors	inside back cover
Operating Personnel.....	inside back cover
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THIS SLIP COULD BE YOUR CHANCE FOR A BIG PRIZE!

Bring it for a chance to win a \$50 energy credit!



Mike Wade,
President & CEO



Central Wisconsin
Electric Cooperative

Your Touchstone Energy® Cooperative

EXECUTIVE SUMMARY

At the heart of every member-owned cooperative is the same set of core principles and values. These cooperative principles guide the policies we write and the decisions we make. The values represented by these principles can be heard in our employee and board meetings, and are a common theme as we meet with other electric cooperatives across our state and our nation. We often mention them in our publications, but it is important that we list them again because they are essential to the success we achieved in 2016 and the accomplishments we will make together in the future.

Central Wisconsin Electric Cooperative operates based on these seven cooperative principles:

- | | |
|------------------------------------|---------------------------------------|
| 1. Voluntary & Open Membership | 5. Education, Training, & Information |
| 2. Democratic Member Control | 6. Cooperation Among Co-ops |
| 3. Members' Economic Participation | 7. Concern for Community |
| 4. Autonomy & Independence | |

We are very proud of all that we were able to accomplish on behalf of our membership in 2016. Our accomplishments are based on listening to our members and striving to exceed their expectations.

The year 2016 saw the beginning of a new member committee called Member Advisory Group, or MAG. MAG was developed to help us stay engaged with our membership and focused on creating meaningful enhancements to our business. MAG is comprised of 18 members who meet three times per year. This group evaluates our many cooperative programs and recommends changes that improve our service to our members. MAG has been a great way to expand our member communications and to ensure that we are listening to the needs of our members.

Our electric rates increased in 2016 to address the decrease in energy sales in the last two years and the resulting decline in margins. The decision to increase rates came after the completion of a cost-of-service analysis by our consultants and after much deliberation in the board room. Our board realizes the impact of a rate adjustment on our members because as members, they pay the same electric rates. We began the discussion of a rate change with our members through magazine articles and a series of member forums held at four locations throughout our service territory. We appreciate the opportunity to speak directly with our members about the rate study and to receive their honest feedback.

As part of our effort to minimize increases in our electric rates, we realize the need to control our operating expenses. With this in mind, we have reduced our work force and are making great use of technology that will help us do more

with less. Our improved safety culture not only keeps our employees safe, but it helps lower our insurance costs. We have evaluated our short-term borrowing needs to lower our interest expense, and we are taking advantage of early pay credits with our wholesale power supplier. In collaboration with our board of directors, we will continue to search for ways that help us remain a lean and efficient organization.

To lower operating costs, we began sharing engineering services with our neighbor cooperative, Adams-Columbia Electric Cooperative, which is based in Friendship, Wisconsin. Adams-Columbia wanted to hire additional engineering staff and we were in need of engineering support, so a collaboration made perfect sense. Our partnership with Adams-Columbia will allow us to receive the engineering services that our cooperative needs, but will save our members money.

We credit our emphasis on safety and the commitment of our employees for finishing 2016 without a loss-time accident. Our industry has inherent hazards due to the electric energy that we distribute to our members. Our employees are in the field performing work on behalf of our members, and they do so with an eye to working safely. In 2016, we participated in the Speak Up!/Listen Up! safety program for co-ops, which gives employees simple tools for delivering and receiving safety-related feedback effectively.

Our operations department finalized major substation improvements at our Wittenberg Substation in 2016. A new power transformer was installed and the substation site was expanded to make room for our mobile substation when it is needed. The improvements that were completed will help us meet the energy needs of the businesses we serve outside of Wittenberg, and is a testament to the hard work of our operations employees. Job well done.

As a member-owned organization, we depend on your feedback to adapt to the changing environment in which we live. Your challenges are the same as our challenges. Your community is our community. Our business has evolved from humble beginnings to the complexities of a modern-day electric utility. But Central Wisconsin Electric Cooperative is still the electric cooperative of our forefathers because we have not forgotten our original mission: to provide safe, reliable, and affordable electric energy to our members.

Seventy-nine years ago, Central Wisconsin Electric Cooperative was formed to supply electric energy in an area others were unwilling to serve. You formed a cooperative to make a better future possible. The challenges are different now, and they will be different a year from now. They will be different 79 years from now. But we will still be here, and we will always be working for you.



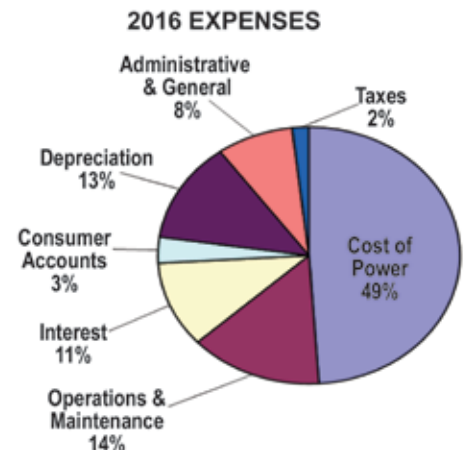
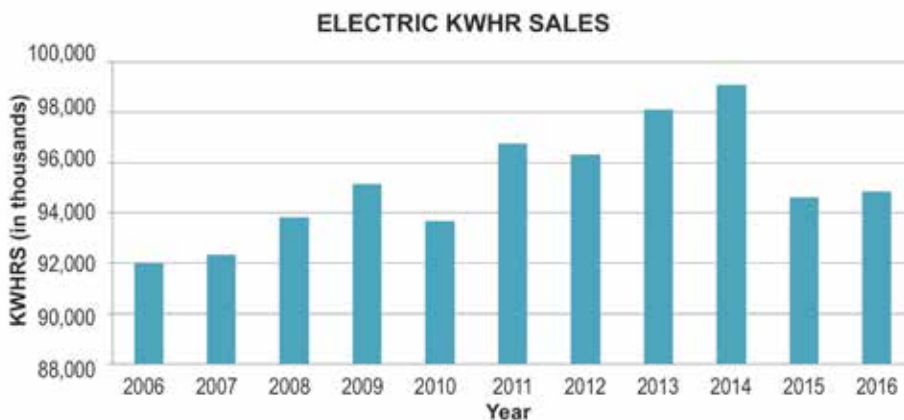
Anthony Buss, Jr.,
Board Chairman



STATEMENT OF REVENUE AND PATRONAGE CAPITAL

Years Ended December 31, 2016 and 2015

	<u>Unaudited 2016</u>	<u>Audited 2015</u>
OPERATING REVENUES	\$15,122,429	\$14,572,868
OPERATING EXPENSES		
Cost of Power	5,859,325	6,026,019
Transmission Expense – Operations	1,196,254	1,157,036
Distribution Expense – Operations	810,766	935,433
Distribution Expense – Maintenance	1,243,989	1,204,007
Consumer Accounts	407,476	421,321
Customer Service and Informational	228,358	201,847
Sales Expense	65,643	62,885
Administrative and General	1,184,234	1,251,131
Depreciation	1,828,708	1,767,383
Taxes	257,337	235,699
Other Deductions	61,781	39,737
Total Operating Expenses	<u>13,143,871</u>	<u>13,302,498</u>
OPERATING MARGINS BEFORE FIXED CHARGES	1,978,558	1,270,370
INTEREST ON LONG-TERM DEBT AND LINE OF CREDIT	1,646,552	1,628,388
OPERATING MARGINS AFTER FIXED CHARGES	332,006	(358,018)
GENERATION AND TRANSMISSION AND OTHER CAPITAL CREDITS	173,380	163,447
NET OPERATING MARGINS	<u>\$505,386</u>	<u>\$(194,571)</u>
NON-OPERATING MARGINS		
Interest and Dividend Income	186,197	179,828
Other Non-Operating Income	(134,441)	129,265
Total Non-Operating Margins	<u>51,756</u>	<u>309,093</u>
NET MARGINS	<u>\$557,142</u>	<u>\$114,522</u>
PATRONAGE CAPITAL – BEGINNING OF YEAR	15,613,704	15,774,632
Operating Margins	628,010	105,485
Capital Credits	(306,814)	(266,413)
Other Equity Changes	20,235	
PATRONAGE CAPITAL – END OF YEAR	<u>\$15,955,135</u>	<u>\$15,613,704</u>



BALANCE SHEETS

December 31, 2016 and 2015

	<u>Unaudited 2016</u>	<u>Audited 2015</u>
ASSETS		
UTILITY PLANT		
Plant in Service	\$56,738,928	\$55,116,154
Construction Work in Progress	545,463	311,894
Total	57,284,391	55,428,048
Accumulated Provision for Depreciation	(14,208,716)	(12,907,769)
Net Utility Plant	43,075,675	42,520,279
OTHER ASSETS AND INVESTMENTS		
Investment in Associated Organizations	6,953,257	6,871,908
Other Investments	9,264	9,264
Notes Receivable, Net	727,669	710,271
Non-Utility Property, Net	681,872	873,448
Total Other Assets and Investments	8,372,062	8,464,891
CURRENT ASSETS		
Cash and Cash Equivalents	321,538	411,149
Accounts Receivable, Net	2,195,940	2,013,614
Current Portion of Notes Receivable	134,650	186,103
Materials and Supplies Inventory	295,427	417,728
Other Current and Accrued Assets	155,644	147,865
Total Current Assets	3,103,199	3,176,459
DEFERRED DEBITS		
Total Assets	\$55,153,788	\$54,860,911
	<u>Unaudited 2016</u>	<u>Audited 2015</u>
EQUITIES AND LIABILITIES		
EQUITIES		
Memberships	\$35,485	\$35,300
Patronage Capital	15,955,135	15,613,704
Other Equities	2,193,946	2,212,080
Total Equities	18,184,566	17,861,084
LONG-TERM DEBT (Less Current Maturities)		
	32,878,300	34,053,983
OTHER NON-CURRENT LIABILITIES		
Accumulated Employee Benefits	62,627	56,699
Total Other Non-Current Liabilities	62,627	56,699
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	1,146,650	1,127,650
Notes Payable – Line of Credit	1,215,000	200,000
Accounts Payable	761,826	706,651
Consumer Deposits	78,352	82,128
Other Current and Accrued Liabilities	762,512	713,595
Total Current Liabilities	3,964,340	2,830,024
DEFERRED CREDITS		
	63,955	59,121
Total Equities and Liabilities	\$55,153,788	\$54,860,911



CENTRAL WISCONSIN ELECTRIC COOPERATIVE

ROSHOLT, WISCONSIN

ANNUAL MEETING MINUTES • April 9, 2016

Following musical selections provided by the Iola-Scandinavia High School band under the direction of Jacob Martin, Vice Chairman Tom Smith welcomed the membership to the 78th Annual Meeting of Central Wisconsin Electric Cooperative. Miss Echo Watters sang the National Anthem.

Pastor Dale Wilson of Hitterdahl Lutheran Church of Iola gave the invocation.

Vice President of Operations Kevin Kurtzweil gave a safety message to the membership. He noted we begin each meeting of the board of directors and employee meeting with a safety message and felt it was appropriate to include in our annual meeting as well.

Board Chairman Anthony Buss, Jr. introduced the directors and candidates for director, as well as the Member Advisory Group (MAG), the Nominations Committee and Operation Round Up Trust, Cooperative Attorney Bruce Meagher, and special guests in attendance.

The 78th Annual Meeting of Central Wisconsin Electric Cooperative was called to order by Chairman Buss. Sue Rombalski, secretary/treasurer of the cooperative, kept the minutes thereof.

Director Rombalski announced that in accordance with the cooperative bylaws, sufficient members had registered to constitute a quorum.

Motion was made and seconded to dispense with the reading of the Official Notice of Meeting and Proof of Mailing. Motion carried. Motion was made and seconded to close balloting for the director election. Motion carried. Motion was made and seconded to dispense with the reading of the 2015 Annual Meeting Minutes and approve as presented in the 2016 Annual Report. Motion carried.

Vice President of Member Relations and Economic Development Mark Forseth and Member Relations Coordinator Brenda Mazemke, Vice President of Operations and Engineer-

ing Kevin Kurtzweil and Vice President of Accounting and Finance Lila Shower each gave their department reports for the year 2015.

Chairman Buss gave his report to the membership. He updated the membership on system improvements and highlighted significant enhancements made to our annual budgeting process and goal setting. He stated the cost-of-service study was completed this year and rate adjustments may be seen towards the fall of the year. He reported member meetings would be scheduled throughout the service area to discuss options for modifying our rates.

Nate Bennington of the accounting firm of CliftonLarsonAllen gave the results of the 2016 Director Election as follows:

District 2 Lee Lehrer Three-year term
(defeated Brian Derus)

District 3 Elaine Eckendorf Three-year term

President and CEO Mike Wade gave his CEO report and answered questions raised by the membership.

At this time, there being no unfinished or new business, a motion was duly made and seconded to adjourn the business portion of the meeting. Motion carried.

Door prize drawings along with a survey drawing and grand prize were completed.

This concluded the 78th meeting of the membership of Central Wisconsin Electric Cooperative.



Sue Rombalski, SECRETARY/TREASURER

APPROVED:

Anthony Buss, Jr., CHAIRMAN


Mike Wade, President & CEO

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715-677-2211 • 800-377-2932
www.cwecoop.com

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**Central Wisconsin
Electric Cooperative**

Your Touchstone Energy® Cooperative 

Board of Directors

Anthony Buss, Jr. – Chairman, District 1 • Tom Smith, Vice Chairman, District 1 • Sue Rombalski, Secretary–Treasurer, District 3
Ron Onesti, District 1 (At Large) • Lee Lehrer, District 2 • Leonard Oppor, District 2 • Elaine Eckendorf, District 3



CENTRAL WISCONSIN ELECTRIC COOPERATIVE DIRECTORS

Chairman Anthony Buss, Jr., District 1
 Vice Chairman Tom Smith, District 1
 Secretary/Treasurer Sue Rombalski,
 District 3

Ron Onesti, District 1 (At Large)
 Lee Lehrer, District 2
 Leonard Oppor, District 2
 Elaine Eckendorf, District 3



OPERATING PERSONNEL

Mike Wade – President & CEO

Lila Shower – Vice President Accounting & Finance

Mark Forseth – Vice President Member Relations & Economic Development

Kevin Kurtzweil – Vice President of Operations

John Bestul
 Stacy Claussen
 Lori Elmhorst
 Lisa Hardel
 Larry Hull

Tim Kraft
 Richard Lashua
 Dennis Magee
 Brenda Mazemke
 Patty Mork

Ray Oksuita
 Dell Olson
 Jeanne Opperman
 Patrick Ostrowski

Lenore Peterson
 Gabriel Pospyhalla
 Jeff Rice
 Michelle Tessen

Chris Tuszke
 Jason Walter
 Mackenzie Yarbrough
 Quinton Zdroik

Snapshots of 2016

Commitment to Community

